

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 8, 2014

MINUTES OF SPECIAL MEETING

The Board of Directors of the Lone Star Groundwater Conservation District ("District") held a "Special Meeting," open to the public, in the Lone Star GCD – James B. "Jim" Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on July 8, 2014.

Treasurer Stinson called the meeting to order at 9:08 a.m., announcing that it was now open to the public.

The roll was called of the members of the Board of Directors, to wit:

Sam Baker
John D. Bleyl, PE
Jace Houston
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, with the exception of Directors Baker, Tramm, Wood and Weisinger, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul R. Nelson, District Assistant General Manager; Brian L. Sledge, General Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A".*

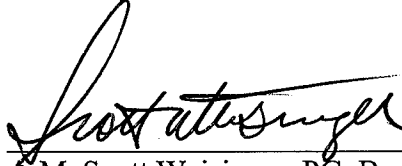
After a proper and legally sufficient announcement to the public by Treasurer Stinson, the Board of Directors went into a Closed Executive Session at 9:08 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, Chapter 551, Government Code.

President Tramm arrived at 9:09 a.m. Director Weisinger arrived at 9:10 a.m., and Director Baker arrived at 9:24 a.m.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:05 a.m.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:05 a.m.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF AUGUST, 2014.



M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 8, 2014

MINUTES OF PUBLIC HEARING ON PERMIT APPLICATIONS

The Board of Directors of the Lone Star Groundwater Conservation District ("District") met in regular session, open to the public, in the Lone Star GCD – Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on July 8, 2014.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:10 a.m., announcing the meeting open to the public.

ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Sam W. Baker
John D. Bleyl, PE
Jace Houston
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, with the exception of Director Wood, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; Mark Lowry, District Consultant; District staff; and members of the public.
Copies of the public sign-in sheets are attached hereto as Exhibit "A"

Item #1, **Montgomery County Emergency Service District No. 10** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 400,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #2, **Mike Nulger/The Carriage House** - Applicant is requesting registration of a new well and production authorization in the amount of 250,000 gallons for 2014 and 750,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #3, **Montgomery County MUD #137** - Applicant is requesting registration of a new well and production authorization in the amount of 3,000,000 gallons for 2014 and 9,000,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #4, **Salt Rock Builders** - Applicant is requesting registration of a new well and production authorization in the amount of 60,000 gallons for 2014 and 100,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #5, **33 Solutions LLC** - Applicant is requesting registration of a new well and production authorization in the amount of 15,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #6, **Wood Trace MUD No. 1** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 8,000,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested for 2014 only.

Item #7, **Cayce & Cara Causey** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 200,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well and authorize a reduced amount of 40,000 gallons for 2014 and annually thereafter.

Item #8, **Eduardo Lopez (7 Leguas Mexican Café & Cantina)** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 400,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration of the well and authorize a reduced amount of 137,000 gallons for 2014 and annually thereafter.

Item #9, **Montgomery County E.S.D. #8** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 500,000 gallons for 2014 and 600,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration of the well and authorize a reduced amount of 170,000 gallons for 2014 and 2015, as well as 131,000 for 2016 and annually thereafter.

The first motion was made by Director Moffatt, and seconded by Director Bleyl to approve items #1-5 as requested, in accordance with the General Manager's recommendations, and the motion passed unanimously.

The second motion was made by Director Stinson and seconded by Director Houston to approve item #6 as requested 2014 only, in accordance with the General Manager's recommendations, and the motion passed unanimously.

The third motion was made by Director Stinson, and seconded by Director Moffatt to approve registration and/or construction of the wells as well as authorize reduced recommendations for items #7-9, in accordance with the General Manager's recommendation, and the motion passed unanimously.

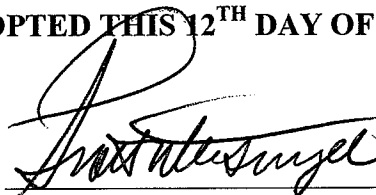
4. Considering Granting or Denying Applications for the following LVGU Permit Amendments:

1. Consumers Water Company (Pioneer Trails), for a proposed transfer of HUP173, in the amount of 15.191 mg annually, to San Jacinto River Authority (OP03-0050M), Public Supply (PWS) use.

A motion was made by Director Stinson, and seconded by Director Baker to approve the transfer of HUP173 to OP03-0050, in accordance with the recommendation of the General Manager, and the motion passed unanimously.

President Tramm adjourned the public hearing on permit applications at 10:16 a.m.

PASSED, APPROVED, AND ADOPTED THIS 12TH DAY OF AUGUST, 2014.



M. Scott Weisinger, PG, Board Secretary

(1)

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LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 8, 2014

MINUTES OF REGULAR MEETING

The Board of Directors of the Lone Star Groundwater Conservation District ("District") met in regular session, open to the public, in the Lone Star GCD - James B. "Jim" Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on July 8, 2014.

CALL TO ORDER:

President Tramm called to order the regular Board of Directors meeting at 10:16 a.m. announcing that it was open to the public.

ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Sam Baker
John D. Bleyl, PE
Jace Houston
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, with the exception of W. B. Wood, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; Mark Lowry, P.E., District Engineer; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A"*

APPROVAL OF THE MINUTES:

President Tramm stated the Board would consider all meeting minutes listed as one item. Upon review of the following, a motion was made by Director Weisinger, seconded by Director Houston, and unanimously carried, to approve the meeting minutes:

- a) June 10, 2014, Special Board Meeting
- b) June 10, 2014, Public Hearing on Permit Applications

c) June 10, 2014, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee - Billy Wood, Chair

Briefing on Committee Activities - Director Wood was not present, however the committee has not met since the last board meeting. Marlisa Briggs updated the Board on public outreach efforts and conservation activities since the last board meeting.

Briefing on Public Outreach Efforts - Marlisa Briggs, Education/Public Awareness Coordinator - Mrs. Briggs' presentation highlighted the following public outreach efforts:

- Mobile Education Lab Aquifer Model Update
- Website Redesign Progress Report
- Conservation Outreach Coalition Update
- Chambers of Commerce Board Meetings
- Ongoing e-blasts, press releases and social media communications
- Monthly Dock Lines article

Update on Conservation Efforts - Paul Nelson, Assistant General Manager - Mr. Nelson briefed the Board on additional conservation activities, including

- Lake Conroe Watershed Protection Plan update: The meeting focused on the results of the many water quality analyses that have been conducted on the lake. The group will focus on bacteria and nutrients.
- City of Conroe's Water Conservation Advisory Committee update: The meeting featured a presentation of the most current static water table levels by Amy Beussink of the USGS.
- June 25th - Gulf Coast/Montgomery County Water Efficiency Network meeting. Next meeting will feature Director Rick Moffatt on July 31. He will speak about the planning and implementation of the Southern Montgomery County MUD's reuse project. Mr. Nelson also mentioned the presentation on water issues in Israel given at the last meeting by Mark Loethen, Deputy Director of Public Works and Engineering at the City of Houston.

Rules Development Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities - Ms. Jones reported that the Rules Development Committee had met since the last meeting, and follow up meetings will continue.

Update and Status Project Report Related to Development of Well Spacing Relationships - Mr. Sledge reported that the committee met June 24th to discuss well spacing rules for both the Catahoula and Gulf Coast Aquifers. Hydrologists

are working on a formulaic approach to bring back to the committee. The Board will be updated as developments occur.

Policy and Personnel Development Committee – Sam W. Baker

Briefing on Committee Activities – Director Baker reported that the committee had not met since the last Board meeting, and therefore there was no report.

Findings and Review Committee – Paul R. Nelson

Briefing on Committee Activities – Mr. Nelson reported the Findings and Review Committee had not met since the last board meeting. However, Mr. Nelson noted that although there is no known fracking occurring in Montgomery County at this time, the committee desires to be prepared in the event it should occur. The committee will work to hold a follow up meeting prior to the August board meeting.

Following the committee report, President Tramm asked that the committee research further the implications of the Texas Water Development Board's release of the Total Estimated Recoverable Storage (TERS) numbers, specifically how these figures may affect the District's rules and groundwater management efforts. He asked that a board workshop on the subject, as well as other items, be held prior to the August board meeting so that all board members can be properly educated on the topic, and can then move forward with any necessary discussion.

Budget and Finance Development Committee - Jim Stinson, Chair

Briefing on Committee Activities - Director Stinson reported that the committee met on July 7th. The committee reviewed the 2015 fee schedule, and is recommending that the District's water use fees remain unchanged for the coming year. The committee also is recommending that the outstanding loan for the District's current building be paid off.

Review of Monthly Financial Reports - Director Stinson reported that the financial statement indicated an actual income of \$1.8 million compared to projected \$1.9 million, and expenses are at \$888,000 compared to projected expenses of \$1.46 million.

Review 2nd Quarterly Investment Report for 2014 – Director Stinson reported that the report was in the board packets and offered to answer any questions.

Consider and act on Resolution #14-003 authorizing water use fee rate schedule for 2015 – After presentation of the resolution, Director Stinson made the motion to approve the 2015 Water Use Fee Rate Schedule as recommended, Director Houston seconded the motion and all those present were in favor, therefore the

resolution was unanimously approved. *A copy of Resolution #14-003 is attached hereto as Exhibit "B".*

Consider and act on Resolution #14-004 amending and re-establishing administrative fee schedule – After presentation of the resolution, Director Moffatt made the motion to approve the Administrative Fee Schedule as recommended, Director Stinson seconded the motion and all those present were in favor, therefore the resolution was unanimously approved. *A copy of Resolution #14-004 is attached hereto as Exhibit "C".*

Building and Facilities Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities – Ms. Jones reported that the committee had not met since the last board meeting, therefore there was no report.

Update and Possible Action Regarding Construction and Redesign of Existing Detention Pond – Ms. Jones reported that on July 7th, she received a proposal from Texas A&M, and since it was just received, there has not been time to present to the committee. Therefore, the committee will review and report back to the Board at its August meeting.

CONSIDERATION AND POSSIBLE ACTION REGARDING APPLICATION FOR EARLY CONVERSION CREDITS PURSUANT TO THE EARLY CONVERSION INCENTIVE AS DESCRIBED IN ADDENDUM D OF THE LSGCD RULES – PRODUCTION OF ALTERNATIVE WATER SOURCE (AWS) FROM THE CATAHOULA RESTRICTED AQUIFER PROJECT, CITY OF MONTGOMERY

Rick Moffatt, General Manager of Southern Montgomery County MUD, briefly described their reclaimed water system. Following his comments, Director Stinson made a motion to approve the application as presented; Director Weisinger seconded the motion, and Director Moffatt abstained. All those present were in favor, and the item passed unanimously as presented. Following the vote, Director Weisinger spoke on behalf of the LSGCD Board, applauding Mr. Moffatt's efforts on utilizing an alternative water source.

UPDATE ON GROUNDWATER MANAGEMENT AREA 14 JOINT PLANNING ACTIVITIES AND DEVELOPMENT OF DESIRED FUTURE CONDITIONS

Mr. Brian Sledge briefed the Board on GMA 14's joint planning activities: The GMA 14 Joint Planning Committee met June 24 in the District's board room, and went through the modified predictive simulations using approved pumping amounts from previous meetings on the northern Gulf Coast Aquifer, and looked at the projected impacts of those amounts on the aquifers throughout the GMA. The GMA continues to go through the nine statutory criteria for proposed Desired Future Conditions (DFCs) in the joint planning process that are set forth in the state water code. This last meeting they went through the impacts on hydrological conditions, including: TERS, annual recharge, inflows, discharge, environmental impacts and impacts on

subsidence. They will continue to march through the criteria and brief the GMA. The next meeting is scheduled for September 23 at 1:30 p.m.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that most of his activity during the month was routine, and a copy of his report is included in the Board's packet. The only item out of the ordinary was working with Mr. Tony Bennett on his scope of work preparation.

GENERAL MANAGER'S REPORT:

Ms. Jones directed the Board to her written report in their board packets, but highlighted the following items:

- She was asked to testify on behalf of the Texas Alliance of Groundwater Districts and LSGCD at the House Natural Resources Committee meeting in Austin on June 25. Her testimony echoed the testimony of other groundwater districts that GCD members are committed to the management of groundwater resources within respective districts, and cooperation through the joint planning process created by the Legislature to coordinate management efforts over common aquifers through the establishment and achievement of desired future conditions. Details of her testimony are in her General Manager's Report.
- The TexCom lawsuit against Montgomery County has been dismissed. Details are in the General Manager's Report.
- Region H Meeting August 6 at the San Jacinto River Authority at 10 a.m.
- Texas Groundwater Summit – August 26 in San Marcos

GENERAL COUNSEL'S REPORT:

Mr. Sledge noted that he had covered the majority of his items during previous reports in the meeting. UIC monitoring program procedures set up, and we will be getting reports soon. He also reported that the US Court of Appeals for the Fifth Circuit released its long-awaited opinion in the Aransas Project v. Shaw, a case that pitted the protection of the endangered whooping crane against the state's water regulators. The court reversed a lower court's ruling in favor of the environmental plaintiff and held that the Texas Commission on Environmental Quality (defendant) was not liable under the federal Endangered Species Act. For details and background, see the General Manager's Report in the board packet.

PUBLIC COMMENT:

Conroe Mayor Melder and Luine Hancock of Senator Robert Nichols' office both asked questions regarding the District's June 27th press release on "Total Estimated Recoverable Storage" (TERS).

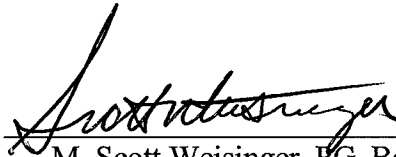
NEW BUSINESS:

There was no new business to discuss.

There being no further business, President Tramm noted that the Board would recess and convene into Executive Session, however no action would be taken following Executive Session. Therefore, there Board convened into Executive Session at 10:58 a.m.

At 11:35 a.m. the Board reconvened back into regular session and no action was taken. Upon a motion by Director Stinson seconded by Director Baker, President Tramm adjourned the meeting at 11:40 a.m.

PASSED, APPROVED, AND ADOPTED THIS 12TH DAY OF AUGUST, 2014.



M. Scott Weisinger, PG, Board Secretary